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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN

Docket No. E-01345A-08-0172

POST-HEARING BRIEF OF FREEPORT-MCMORAN COPPER & GOLD INC. AND ARIZONANS FOR ELECTRIC CHOICE AND COMPETITION

Freeport-McMoRan Copper & Gold Inc. and Arizonans for Electric Choice and Competition (hereafter collectively "AECC") hereby submit their Post-Hearing Brief in connection with the above referenced matter.

I. INTRODUCTION

This proceeding commenced on March 24, 2008, upon the filing by Arizona Public Service Company ("APS" or "Company") of an application with the Arizona Corporation Commission ("Commission") for an increase in rates. On July 29, 2008, the Commission set the matter for Hearing on the permanent application to commence on April 2, 2009. On January 23, 2009, APS filed a Notice of Settlement Discussions and on January 30, 2009, filed a Motion To Suspend the Procedural Schedule.

1 On March 19, 2009, the April 2, 2009 Hearing date was vacated and a Procedural
2 Conference scheduled for April 7, 2009, to discuss the status of the settlement discussions.
3 At the April 7, 2009 Procedural Conference, the Parties¹ responded that discussions were
4 continuing and on April 21, 2009, indicated that the parties had reached an agreement in
5 principle on the revenue requirement issues and that substantial agreement had been
6 reached on other issues.²

7 The Parties³ agreed to file a Term Sheet containing the major provisions of a
8 settlement agreement on May 4, 2009. On May 4, 2009, the Term Sheet was filed, with a
9 proposed schedule for filing testimony and a request to schedule a Hearing date on the
10 contemplated Settlement Agreement.

11 Hearing on the proposed Settlement Agreement commenced on August 19, 2009,
12 at the Commission's offices in Phoenix, Arizona, and concluded on September 18, 2009.

13 II. DISCUSSION

14 AECC is a signatory to the Settlement Agreement and recommends that the
15 Agreement be approved by the Commission as presented to the Commission as a package
16 deal because it produces just and reasonable rates and is in the public interest. The
17 Settlement Agreement provides a comprehensive resolution of the issues in the Rate Case.
18 The broad scope of the participation in the settlement discussions is attested to by the fact

19 ¹ There were 24 Parties who intervened in the proceeding.

20 ² Twenty-two of the Parties ultimately signed a Settlement Agreement. The Parties
21 (hereinafter sometimes referred to as "Parties," "Settling Parties," or "Signatories")
22 included Arizona Corporation Commission Utilities Division Staff; APS; Residential
23 Utility Consumer Organization ("RUCO"); Southwest Energy Efficiency Project
24 ("SWEEP"); Arizona Investment Council ("AIC"); Freeport-McMoRan Copper & Gold
25 Inc.; Arizonans for Electric Choice and Competition; AZAG Group; Cynthia Zwick;
26 IBEW Locals 387, 640 and 769; Bowie Power Station, LLC; Mesquite Power, LLC;
Southwestern Power Group II; Western Resources Advocates; The Kroger Co.; Arizona
Association of School Business Officials; Arizona School Boards Association; InterWest
Energy Alliance; Federal Executive Agencies; and Town of Wickenburg.

³ Those Parties who signed the Settlement Agreement.

1 it is supported by 22 Signatories.

2 In response to a question by AECC's attorney to RUCO Consultant Dr. Ben
3 Johnson as to his experience concerning the extent of participation by the Parties in the
4 settlement discussions, he stated as follows:

5 I think we had about as broad a participation as I have ever seen. (Tr.
6 at p. 1961, ll. 22, 23.)⁴

7 . . . Much more typically the negotiation would be either between
8 two or three parties, but major parties. So, for example, perhaps the large
9 industrial users, the public interest representative, and the utility, or maybe
10 one or two more, but that would be about it. It would be very rare to have
11 this number of intervenors and to have that many intervenors who were
12 willing to and had the patience and the resources to sit through hour after
13 hour, day after day of negotiations as happened in this case. (Tr. at p. 1962,
14 l. 18 through p. 1963, l. 1.)

15 Further, Dr. Johnson stated: ". . . to get this sort of comprehensive settlement took a lot of
16 extra effort, it was a little bit surprising, but I think it was worthwhile." (Tr. p. 1963, ll.
17 22-24.)

18 AECC Witness Kevin C. Higgins stated in his Testimony that the broad scope of
19 the Agreement is attested to by the fact it is supported by a large number of signatories
20 with widely varying constituencies. He stated:

21 In my opinion, the Agreement strikes the appropriate balance between
22 customer and utility interest. Its adoption would provide APS an
23 opportunity to improve its financial condition while being fair to customers
24 by not increasing rates any more than is absolutely necessary. (AECC
25 Exhibit 1 at p. 3, ll 7-10.)

26 The issues that are included in the APS Rate Case were thoroughly discussed and
considered by the Parties. There was "give-and-take" on the part of all the Signatories to
the Settlement Agreement. The Parties did not receive everything for which they

⁴ "Transcript" will be referred to as "Tr." with reference to the page(s) and line(s).

1 advocated and, in many respects, gave up or modified the positions that they otherwise
2 would have asserted if the rate case proceeded as a general regular rate case addressing
3 the issues advocated by all parties who would put on witnesses in support of their
4 positions. There would be witness testimony from a large number of witnesses that would
5 involve not only direct examination of those witnesses, but cross-examination by a
6 number of lawyers, Commissioners and the Chief Administrative Law Judge. A
7 considerable amount of time and resources would be involved in connection with such a
8 proceeding. As a result of the Parties negotiating the Settlement Agreement, an extended
9 rate case hearing has been avoided, saving the Commission and all of the Parties a
10 considerable amount of time, effort and resources.

11 In addition, by reaching agreement among the various Parties, a challenge to the
12 issuance of an order by the Commission and possible appeals from that order will have
13 been avoided. Whenever litigation ensues, there are always winners and losers. The
14 Settlement Agreement provides for the resolution of issues advocated by Parties that
15 undoubtedly would not have been agreed to by other Parties if the issues were to be
16 litigated. By entering into the Settlement Agreement, there are a number of issues agreed
17 to by the Parties that further the public interest. Hence, the Settlement Agreement results
18 in a win/win situation.

19 The settlement negotiations involved the drafting of a 40-page agreement which
20 reflects the amount of time and effort that went into the agreement and the consideration
21 given to addressing the various issues that have been resolved by the Agreement. As
22 stated by AECC Witness Higgins: "The Agreement provides a comprehensive resolution
23 of the issues in the APS general rate case."⁵

24 **A. Revenue Requirement**

25 The Settlement Agreement establishes total base revenues (including fuel) that are

26 ⁵ AECC Exhibit 1, p. 3, ll 4-5.

1 \$344.7 million greater than the base rates established in APS's last general rate case.

2 [Paragraph 3.6]⁶ Both the total base revenue increase of \$344.7 million and the non-fuel
3 base rate increase of \$196.3 million include the interim rate increase of \$65.2 million.

4 The revenue requirement recommended by the Settlement Agreement is \$103.5
5 million less than APS had requested in its Application. [Paragraph 3.8] AECC Witness
6 Higgins had recommended in his Direct Testimony that APS's requested revenue
7 requirement be reduced by \$101.5 million. Mr. Higgins stated: "As such, the reduction in
8 APS's revenue requirement effected by the Agreement and that recommended in my direct
9 testimony are nearly identical, obviously warranting my support." (AECC Exhibit 1 at p.
10 5, ll. 8-10.)⁷

11 **B. Revenue Spread**

12 Paragraph 17 of the Settlement Agreement sets fourth the basis for the spread of
13 the base rate increase among the rate classifications.

14 AECC Witness Higgins testified:

15 With two exceptions, the Agreement spreads the base rate increase across
16 all customer rate schedules on an equal percentage basis, inclusive of the
17 interim increase, and inclusive of fuel and purchase power costs that are
18 incorporated into base rates. [Paragraph 17.1] The exceptions are: (1)
19 there will be no base rate increase for low-income customers; and (2)
within Rate E-32, there will be some differentiation in the base rate increase
among the four new rate categories of Rate E-32 that are established in this
case [Paragraph 17.2]. (AECC Exhibit 1 at 6, ll. 3-9.

20 ACC Staff Witness Frank W. Radigan testified in response to a question by APS's
21 Attorney that the revenue spread set forth in Paragraph 17.1 of the Settlement Agreement
22 was consistent with his original Staff recommendation in this case.

23 _____
24 ⁶ References to paragraphs in brackets refer to paragraphs enumerated in the Settlement
Agreement.

25 ⁷ In his revenue requirement testimony, AECC Witness Higgins did not take a position
26 either in support of, or opposition to, APS's requested return on equity. (AECC Exhibit 1
at p. 5, ll. 12-13.)

1 Q. [BY MR. MUMAW] Whether or not the revenue spread
2 espoused by 17.1 was or wasn't consistent with how the Commission did
3 the interim rate spread, is 17.1 consistent with your original Staff
4 recommendation in this case?

5 A. Yes, it is. (Tr. p. 1486, l. 25 to p. 1487, ll. 1-4.)

6 In response to a question to ACC Staff Witness Elijah O. Abinah as to whether the
7 revenue spread provided for in Paragraph 17.1 of the Settlement Agreement was consistent
8 with the revenue spread adopted in the interim rate proceeding, Mr. Abinah explained:

9 In the interim rate when the company came to file for the interim
10 increase, our recommendation was no, but I believe the Commission ended
11 up granting some relief.

12 And at that time, that was a done in such a way that we didn't have
13 enough time to do an adequate review, so the recommendation to make
14 things easier was to do the kWh.

15 But this time around, in the context of a rate case, I believe our rate
16 design expert had enough time to look at the revenue requirement and make
17 the appropriate recommendation. (Tr. p. 1828, ll. 8-18.)

18 Mr. Higgins further testified concerning the separation of Rate E-32 into four new
19 rate schedules based on customer size within Rate E-32:

20 The separation of Rate E-32 into four new rate schedules based on
21 customer size – E-32-XS, E-32-S, E-32-M and E-32-L – is consistent with
22 Staff's recommendation in APS's previous rate case Docket No. E-01345A-
23 05-0816. To be clear, in the agreement Rate E-32 as a whole receives the
24 same equal percentage base rate increase as all other rate schedules; as
25 such, the differentiation of the base rate increase within Rate E-32 does not
26 impact any customers outside of Rate E-32. [Emphasis in original.] (AECC
Exhibit 1 at p. 6, ll. 9-15.)

AECC Witness Higgins testified as to the reasons for differentiating the base rate
increase among customers within the Rate E-32 classification. He stated:

The revenue spread in the Agreement treats customer rate impacts
on a basis that is directly comparable to the measurement of class revenue
deficiencies in APS's cost-of-service study filed as part of APS's direct
case. In other words, APS's class cost-of-service study measures the base
rate increase necessary – including fuel – for each rate schedule to pay rates

1 to its respective cost of service. (AECC Exhibit 1 at p. 7, ll. 9-14.)
2 More specifically, AECC Witness Higgins stated the reasons for the differentiation
3 treatment in the base rate increase among customers within E-32 stating:

4 Within Rate E-32, the Company's study shows that Rate E-32-L warrants a
5 much smaller increase than the E-32 average, whereas Rate E-32-XS
6 warrants an increase that is above the average for the overall system. As I
7 noted above, the Agreement takes account of these differences among E-32
8 customers by awarding a modestly smaller base rate increase for Rate E-32-
9 L and a modestly greater than average for Rate E-32-XS. [Emphasis
10 added.] (AECC Exhibit 1 at p. 8, ll. 6-11.)

11 Further, ACC Staff Witness Frank W. Radigan testified in response to Cross-
12 Examination by APS's Attorney concerning the rate design goal of the distinction between
13 the various subgroups within Rate Schedule E-32 was as set forth in Paragraph 17.2 of the
14 Settlement Agreement.

15 Mr. Radigan testified as follows:

16 Q. [BY MR. MUMAW] And specifically, this rate design
17 goal is to attempt to move customers, at least within that rate schedule,
18 closer to their cost of service?

19 A. Closer to the cost of service, and also trying to maintain some
20 rate differentials between the customers.

21 Q. And I believe there was testimony earlier in this proceeding
22 that indicated that this differentiation as set forth in 17.2 was consistent
23 with your original recommendation. Would you agree with that?

24 A. Yes.

25 Q. And there was also testimony that it was consistent with the
26 company's cost of service study. Do you agree with that?

27 A. Yes, I do. (Tr. p. 1472, ll. 14-25 to p. 1473, ll. 1-2.)

28 In response to questions from Commissioner Pierce as to whether the Rate E-32-
29 XS rate increase was fair to those users, Witness Higgins answered:

30 Actually, it's more than fair to those customers because APS
31 conducted a cost-of-service study that looked at costs to each of those
32 groups as well as all other customer classes, and they did so actually based
33 on the direction of the previous order in the last rate case, which in which
34 Staff had encouraged breaking down E32 into several distinct rate classes

1 to better track the costs of serving those classes. (Tr. p. 276, ll. 20-25 to p.
2 277, ll. 1-2.)

3 Again, in response to a question from Commissioner Pierce as to whether
4 Paragraph 17.2 of the Settlement Agreement singled out small business unfairly,
5 Mr. Higgins answered:

6 I strongly disagree with that assertion, Commissioner Pierce. It is
7 not unfair.

8

9 . . . [T]he package recognizes that within the E32 customers, taken
10 as a group, are – warrant a rate increase that is about 6 percent below the
11 average increase, taken as a group. But within that group there is an even
12 greater skewing. If I could just refer to some numbers for a minute that I'm
13 looking up.

14 Specifically the customers who are in the E32-L group warrant a rate
15 increase that is about 11 percent below the average, according to APS's
16 cost-of-service study. Whereas the customers who are in the smallest
17 commercial group warrant an increase that is about 4.5 above the average.
18 (Tr. p. 291, ll. 6-25 to p. 292, ll. 1-2.)

19 **C. Rate Design**

20 The Settlement Agreement provides that the rate increases for Rates E-34, E-35,
21 and E-32-L will be implemented by adopting APS's proposed customer rates along with
22 equal percentage increases in the demand and energy charges for the rate schedules.
23 [Paragraph 18.3]

24 AECC Witness Kevin Higgins testified in his Testimony in support of the
25 Settlement Agreement:

26 This provision ensures that, within these rate schedules, higher-load-
factor and lower-load-factor customers will receive the same percentage
base rate increase. That is, the rate increase is not biased either for, or
against, customers based on load factor, which is reasonable in the
context of the overall Agreement. (AECC Exhibit 1 at p. 9, ll. 6-10.)

Paragraph 18.1 of the Agreement provides that the voltage discount for E-35
customers will be adjusted by the percentage change in E-35 base rates, thereby

1 maintaining consistency with the current rate design. Paragraph 18.2 eliminates a
2 proposal by APS to assign certain third-party transmission costs to E-34 and E-35
3 customers, a proposal which Mr, Higgins argued was unreasonable. Mr. Higgins testified
4 that: "Both Paragraphs 18.1 and 18.2 reasonably maintain the status quo on the issues to
5 which they pertain." (AECC Exhibit 1 at p. 9, ll. 16-17.)

6 **III. DEMAND-SIDE MANAGEMENT ("DSM") AND SELF-DIRECTION**

7 Paragraph 14.3 of the Settlement Agreement provides that "self-direction" of DSM
8 charges will be allowed for large commercial or large industrial customers. Self-direction
9 enables customers of sufficient size (those customers who use more than 40-million kWh
10 per calendar year) to undertake their own energy-efficiency measures using a portion of
11 the DSM charges that are collected directly from them. Participating customers would be
12 reimbursed for the cost of APS-approved energy-efficiency projects from these funds.

13 AECC Witness Higgins explained this provision in the Settlement Agreement as
14 follows:

15 As Arizona's commitment to DSM investment increases, it has
16 become increasingly important for AECC members to achieve the
17 opportunity for self direction. Many larger customers have full-time energy
18 personnel that direct their firm's energy-efficiency efforts; while these
19 companies are committed to making energy efficiency improvements, they
20 object to subsidizing their competitors through conventional DSM rate
21 mechanism. Self-direction provides these customers with a structure for
22 channeling their DSM charges to energy improvements in their own
23 facilities while contributing to APS's overall DSM performance goals.
(AECC Exhibit 1 at p. 10, ll. 4-12.)

24 Mr. Higgins further explained how the self-direction program is structured as
25 follows:

26 The self-direction program is structured as a "use it or lose it" proposition.
Customers who enroll in the program would have two years to complete
approved energy efficiency projects in order to utilize the eligible DSM
monies recovered from them since the time of their enrollment;
participating customers that complete qualifying DSM projects would be

1 able to continue recovering the cost of their DSM investment for a total of
2 ten years (or until 100 percent project cost recovery is achieved, whichever
3 occurs sooner) using the eligible portion of the funds recovered from them
4 through their DSM charges. Unused self-direction funds flow back into the
5 DSM pool for use in other projects. (AECC Exhibit 1 at p. 10, ll. 20-23 to
6 p. 11, ll. 1-6.)

7 According to AECC Witness Higgins: "... [T]he self-direction option is an
8 essential component of APS's DSM efforts going forward." (AECC Exhibit 1 at p. 11, ll.
9 6-7.)

10 IV. INTERRUPTIBLE RATES

11 The Settlement Agreement requires APS to work with Staff and other interested
12 parties to develop an interruptible Rate Rider for Rate E-34 and E-35 customers that will
13 be filed within 180 days of the Commissions approval of the Agreement. [Paragraph
14 19.1]

15 Interruptible rates can be a cost-effective means for utilities to obtain reliable
16 capacity. As stated by AECC Witness Higgins:

17 In my opinion, it is important for interruptible service to be included in the
18 Company's resource mix, as it can provide benefits for both the Company
19 as well as the customers with the operational flexibility to perform under an
20 interruptible rider. (AECC Exhibit 1 at p. 11, ll. 17-20.)

21 V. PALO VERDE LICENSE EXTENSION

22 APS has filed an Application with the Nuclear Regulatory Commission for
23 approval of a license extension for the Palo Verde Nuclear Generating Station to extend
24 the life of the Palo Verde Nuclear Generating Station. [Section XI of the Settlement
25 Agreement] If the Application is approved, APS would be authorized to adjust its
26 depreciation rates used for recording Palo Verde depreciation expense no sooner than
January 1, 2012. AECC Witness Higgins points out that this provision accomplishes at
least two important objectives within the Agreement:

(1) It provides a means through which APS can improve its net

1 income in a future period without having to increase customer rates; . . .

2 (2) A life extension for Palo Verde would reduce the annual funding
3 requirement for plant decommissioning, which is recovered through the
4 System Benefit Charge. If Palo Verde life extension is approved, the
5 Agreement requires APS to apply to the Commission to reduce the System
6 Benefits Charge in an amount equal to the corresponding reduction in the
7 annual decommissioning funding obligation, and to reduce the Power
8 Supply Adjustor by the amount of the associated reduction in spent fuel
9 storage costs. Such reductions would produce an annual revenue
10 requirement benefit to customers. (AECC Exhibit 1 at p. 12, ll. 10-23 to p.
11 13, ll. 1-3.)

12 In response to a question by chairman Mayes as to why the Commission should
13 consider this provision in the Settlement Agreement as a concrete ratepayer benefit, Mr.
14 Higgins responded:

15 Well, it's – it's a benefit in this case even under the scenario that you
16 described for the following reasons: This provision, in my opinion, makes
17 it possible for APS to accept this deal. That is, APS is the party most at
18 risk if the life extension gets delayed because if it moved ahead per
19 schedule or per APS's hopes, then APS will be in a position to restate its
20 depreciation rate and reduce its expense on its books and have that near-
21 term benefit to its earnings.

22 If the whole thing gets delayed, then that will basically occur to
23 APS's detriment.

24 So in my view ASPS is counting on being able to move that forward
25 so that it can get that benefit. And it's still a benefit to customers because
26 APS is willing to take that risk, and we are able to get this deal done
without it being a higher dollar amount that APS needs in order to agree to
it. (Tr. p. 299, ll. 13 – 25 to p. 300, ll. 1-4.)

In the opinion of AECC Witness Higgins:

... [T]he treatment of Palo Verde life extension costs represents a creative
solution that bridges the litigation differences among various of the Signatories to
enable the crafting of a successful package. The provision provides important
benefits for customers and the Company without raising rates. (AECC Exhibit 1 at
p. 13, ll. 4-7.)

Mr. Higgins strongly supports the adoption of this provision of the Settlement Agreement.

VI. TREATMENT OF SCHEDULE 3

The only opposition provided by any of the intervenors to the Settlement

1 Agreement was by Intervenor Barbara Wyllie –Pecora, who objected to the provisions in
2 Service Schedule 3 that requires an APS residential customer seeking a line extension to
3 bear the full cost of the line extension.

4 The Settlement Agreement proposes to maintain the Commission's current policy
5 regarding customer payments for line extensions. The Agreement does, however, propose
6 some modifications for: (1) A clarified definition of Local Facilities; (2) A Schedule of
7 Charges; (3) A statement that quotes provided to customers will be itemized; and (4)
8 Procedures for refunding amounts to customers when additional customers connect to the
9 line extension. [Paragraph 10.7] In addition, the Settlement Agreement provides that
10 Schedule 3 shall expressly permit customers to hire contractors for trenching, conduit, and
11 backfill necessary for the extension, as is currently permitted. [Paragraph 10.7]

12 The Settlement Agreement also provides that the Schedule 3 proceeds will be
13 recorded as revenues by APS during the period from January 1, 2010, through either the
14 earlier of December 31, 2012, or the conclusion of APS's next general rate case.
15 [Paragraph 10.1] The Settlement Agreement also provides that if Schedule 3 proceeds are
16 reduced as the result of Commission modifications to Schedule 3 offsetting revenue
17 changes should also be ordered that would make any such modification(s) revenue
18 neutral. [Paragraph 10.3] The shortfall will be made up through a bigger rate increase
19 than is provided for in the Agreement.

20 Chairman Mayes asked Mr. Higgins to assume that Schedule 3 revenues were not
21 provided in this case and that line extensions were still free and then asked: "... I assume
22 that inside those settlement negotiations and at the end of those settlement negotiations
23 what you would have ended up with would have been a higher rate increase proposal to
24 this Commission. Am I correct in that? (Tr. p. 296, ll. 10-14.)

25 Mr. Higgins responded:

26 Yes, in my opinion you are correct in that.

1 The rate increase that would have been on the table, in my opinion,
2 would have been higher by the amount of the dollars that are projected for
3 line extensions that would otherwise have qualified for the footage.

4

5 Because, as I said earlier, I believe that every nickel got squeezed
6 out of this deal. And I think that the rate increase that is in the settlement is
7 really the lowest reasonable rate increase that we could have achieved
8 through negotiation and had the free-footage allowance been assumed to
9 have been reinstated – I mean, taken aside, we are working with the
10 existing rule in our settlement negotiation. We are not proposing to change
11 whatever is already in place.

12

13 But had we somehow proposed that change, then certainly having
14 gotten to a bottom-line dollar amount that was needed to make the deal
15 work, I have no doubt that those dollars would have had to have been added
16 back into the deal for APS to accept it.

17

18 . . . The rate increase would otherwise have been higher and
19 otherwise would be higher per, in terms of the settlement. (Tr. at p. 296, ll.
20 15-25 to p. 297, ll. 1-23.)

21 AECC Witness Higgins indicated that he concurred with the Commission's current
22 Schedule 3 policy, stating:

23 . . . One of the fundamental principles in rate making is that costs should be
24 assigned to cost causers to the greatest extent practicable. This objective is
25 accomplished under the general policies in place in current Schedule 3. The
26 Agreement identifies a number of areas in which the Schedule 3 provisions can be
improved or clarified, while remaining true to this basic principle. In contrast,
under the "free-footage" concept, the footage is only free to the cost causer; the
costs incurred to extend the lines are simply shifted to the other customers on the
system. Frankly, such an approach is inequitable to existing customers. It is also
inefficient, in that the true cost of extending power lines is understated to the
private decision maker. (AECC Exhibit 2 at p. 4, ll. 6-15.)

Mr. Higgins did point out in his Testimony that he is not adverse to the concerns of
new customers. He stated that he supports a balanced approach and that he opposed
additional fees for new customers proposed by APS to recover incremental distribution
system costs such as Impact Fees and System Facilities Charges. These proposals were

1 withdrawn by APS.

2 VII. OTHER BENEFITS OF THE SETTLEMENT AGREEMENT

3 Although AECC has only addressed certain issues in this brief, AECC,
4 nevertheless supports the Settlement Agreement as a package. The settlement balances
5 APS's rate increase with the benefits for customers that are set forth in Paragraph 1.16 of
6 the Settlement Agreement.

7 VIII. APS BILLING STATEMENT

8 AECC recommends that the APS billing statement retain the existing information
9 that relates to the Unbundled Service elements required by the Retail Electric Competition
10 Rules (A.A.C. R-14-2-1601. 44.)⁸ and also include additional information relating to the
11 various adjustor clause charges. Such information provides greater transparency and more
12 information to consumers concerning electricity rates.

13 IX. CONCLUSION

14 AECC requests that the Commission: (1) find that the terms and conditions of the
15 Settlement Agreement produces just and reasonable rates; (2) find that the Settlement
16 Agreement is in the public interest; (3) adopt the Settlement Agreement as agreed to by
17 the Parties as a package deal; and (4) issue an order approving the Settlement Agreement.

18 RESPECTFULLY SUBMITTED this 9th day of October 2009.

19 FENNEMORE CRAIG, P.C.

20
21 By 

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25 ⁸ This portion of the Retail Electric Competition Rules was not invalidated by the Court's
26 Decision in *Phelps Dodge Corp. v. Arizona Elec. Power Co-op., Inc.* 207 Ariz. 95, 83
P.3d 573 Ariz. App. Div. 1, 2004.

1 **ORIGINAL and 13 COPIES** of the foregoing
2 **FILED** this 9th day of October 2009 with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington
6 Phoenix, Arizona 85007

7 **COPY** of the foregoing was
8 **MAILED/OR *E-MAILED**
9 this 9th day of October 2009 to:

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